GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3869
ANSWERED ON:08.04.2003
REVIVAL OF FACT
P.C. THOMAS

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government have taken any steps to help Fertilizers and Chemicals Travancore Limited (FACT) to come out of its present crisis of closure of several plants;

(b) if so, the details and the outcome thereof;

(c) whether any conferences in this regard took place involving Kochi Refineries which is providing raw materials;

(d) if so, the details thereof; and

(e) the steps taken by the Government to implement the decisions taken in such conferences?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (DR. CHHATTRA PAL SINGH)

(a) & (b) : Government of India has, in March 2002, sanctioned the following financial assistance to FACT :

(i) Waiver of outstanding interest amounting to Rs.226.88 crore for the period from 1998-99 to 2001-02 on the OECF loan drawn from the Government of India by FACT for its Ammonia Project at Udyogamandal.

(ii) Moratorium on principal repayment of FACT up to 31.3.2002 on the balance OECF loan amounting to Rs.378.20 crore drawn from Government of India.

(iii) Waiving levy of penal interest on FACT for past defaults in repayment of principal and interest of the OECF loan after assistance as at (i) & (ii) above being granted.

Government of India has also requested the State Government of Kerala to consider reduction in rates of power, remove entry tax on Furnace Oil /LSHS as also rationalisation of sales tax on inputs at par with other neighbouring states for FACT so as to enable the company to sustain its production operations.

(c) to (e) : A meeting was convened under the chairmanship of Minister of Chemicals and Fertilizers on 4.3.2003 with the Officers of Ministry of Petroleum and Natural Gas, Department of Fertilizers, Kochi Refineries Limited (KRL), Bharat Petroleum Corproation Limited (BPCL), Fertilisers And Chemicals Travancore Limited (FACT), some Members of Parliament from Kerala and representative of the Government of Kerala to discuss the financial crisis being faced by FACT and to sort out the issues relating to supply of petroleum products by KRL/BPCL to the company. In this meeting, petroleum companies were requesed to provide some special dispensation to FACT for supply of petroleum products. Pursuant to this meeting, FACT and KRL have resumed dialogue in the mattter.